

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6521**

**BILL NUMBER:** HB 1324

**NOTE PREPARED:** Feb 19, 2010

**BILL AMENDED:** Feb 18, 2010

**SUBJECT:** Disposal of Vacant Lots in Tax Sale Process; Tax Liens and Tax Deeds.

**FIRST AUTHOR:** Rep. GiaQuinta

**FIRST SPONSOR:** Sen. Wyss

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Vacant Lot Disposal*- The bill permits a county to sell a vacant parcel acquired by the county in a tax sale to the owner of a contiguous residential parcel for \$1 if the contiguous parcel is entitled to the standard property tax deduction. The bill allows the county to establish criteria to identify vacant parcels eligible for sale. The bill establishes procedures for conduct of the sale, transfer of the vacant parcel, and consolidation of the vacant parcel with the contiguous parcel.

*Property Tax Exemption*- The bill provides that the consolidated parcel is entitled to an exemption from property taxation in the amount of the assessed value of the vacant parcel at the time of consolidation until the earlier of the following: (1) the next transfer of title after the consolidation; or (2) five years after the transfer of the title to the successful applicant.

*DOR Tax Lien Foreclosures*- The bill provides that the Department of State Revenue (DOR) may not initiate a proceeding to foreclose on a lien arising from a judgment on a tax warrant more than ten years after the judgment creating the lien is filed. The bill specifies that if the DOR does not initiate proceedings to foreclose on such a lien within ten years after the date the judgment is filed, the lien shall be released.

*Tax Deeds and Easements*- The bill provides that a tax deed for real property sold in a tax sale: (1) does not operate to extinguish an easement recorded before the tax sale, regardless of whether the easement was taxed separately from the real property; and (2) conveys title subject to all easements recorded before the date of the tax sale.

**Effective Date:** July 1, 2010.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** (Revised) *DOR Tax Lien Foreclosures*- The DOR would not be able to initiate a proceeding to foreclose on a lien more than 10 years after the judgment creating a lien is filed. If the DOR did not foreclose on such a lien within 10 years, then the lien would be released. Any taxes, interest, penalties, and collection fees associated with tax liens would be released and would not be collected. The impact of these provisions is indeterminable.

**Explanation of Local Expenditures:** *Vacant Lot Disposal*- Counties may be able to save the expense of retaining an appraiser, auctioneer, and/or sales broker to complete the sale of the parcels in question.

**Explanation of Local Revenues:** *Property Tax Exemption*- The proposed sale method could potentially reduce the amount of revenue collected for the property. However, if these properties are returned to the tax rolls in a more expedient fashion, then these properties could reduce the taxes paid by other property owners in the same local taxing unit assuming no change in the local levy. The impact of this provision to local revenues would vary by each local taxing unit.

(Revised) *DOR Tax Lien Foreclosures*- Any unpaid sheriff's costs and/or clerk costs associated with tax liens that would be released by this provision would go uncollected. The impact of this provision is indeterminable.

**State Agencies Affected:** DOR.

**Local Agencies Affected:** Local taxing units.

**Information Sources:**

**Fiscal Analyst:** Chris Baker, 317-232-9851.